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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Wednesday, February 18, 2015
3:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 576, H.D. 1 – RELATING TO THE STATE
AFFORDABLE CARE ACT INNOVATION WAIVER.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports this bill.

The purpose of this bill is to amend the scope of work of the State Innovation Waiver Task Force established by Act 158, Session Laws of Hawaii 2014, to conform with the requirements of the Patient Protection and Affordable Care Act of 2009 Section 1332 (waiver for state innovation), and provide the resources to carry out the timely development of a waiver as mandated by Act 158.

We thank this Committee for the opportunity to present testimony on this matter.



House Committee on Consumer Protection and Commerce

The Hon. Angus L.K. McKelvey, Chair

The Hon. Justin H. Woodson, Vice Chair

Testimony on House Bill 576 HD1

Relating to the State Affordable Care Act Innovation Waiver

Submitted by Nani Medeiros, Public Affairs and Policy Director

February 18, 2015, 3:00 pm, Room 325

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 576, which provides resources for the creation of a state innovation waiver.

In 2014, the legislature passed Act 158 establishing a state innovation task force that would devise a health care reform plan that would both comply with provisions of the Affordable Care Act and improve the overall functioning of the healthcare system in Hawaii. House Bill 576 seeks to build on that by providing the resources for the formal drafting of this vital plan.

Thank you for the opportunity to testify.



Wednesday, February 18, 2015 – 3 p.m.
Conference Room #325

House Committee on Consumer Protection and Commerce

To: Rep. Angus McKelvey, Chair
Rep. Justin Woodson, Vice Chair

From: George Greene
President & CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
HB576 HD1 — Relating to the State Affordable Care Act (ACA) Innovation Waiver

The Healthcare Association of Hawaii (HAH) is a 160 member organization that includes all of the acute care hospitals in Hawaii, the majority of long term care facilities, all the Medicare-certified home health agencies, all hospice programs, as well as other healthcare organizations including durable medical equipment, air and ground ambulance, blood bank and respiratory therapy. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to testify in **support** of HB576 HD1, which provides resources to develop a waiver from certain provisions of the Patient Protection and Affordable Care Act. The ACA waiver is an important tool that allows states to amend provisions of the ACA to better support unique circumstances that exist in their healthcare market.

With the passage of Act 158 (SLH 2014), the Healthcare Association of Hawaii was an active participant in the deliberations of the State ACA Innovation Waiver Task Force, and concurs with the findings and recommendations outlined in the report submitted to the legislature. While this task force is not set to be dissolved until 2017, it is clear that resources are sorely needed by the Office of the Governor to meet all the specified requirements and recommendations for the waiver proposal for consideration by the legislature.

Thank you for the opportunity to testify in support of HB576 HD1.



February 18, 2015

The Honorable Angus L. K. McKelvey, Chair
The Honorable Justin H. Woodson, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 576 HD1 – Relating to Health

Dear Chair McKelvey, Vice Chair Woodson and Members of the Committee:

The Hawai'i Association of Health Plans (HAHP) respectfully submits comments supporting the intent of HB 576 HD1, which seeks to continue work initiated by the State Innovation Waiver Task Force towards developing a health care reform plan that meets the requirements for obtaining a state innovation waiver that complies with the Affordable Care Act (ACA) of 2009.

HAHP appreciates the Committee's commitment to investing in the work of the Task Force. As you know, Hawaii leads the country in having the lowest number of uninsured residents thanks to the Hawaii Prepaid Health Care Act (PHCA); therefore, the efforts of the Task Force to preserve the PCA while also adhering to the ACA's goals and directives are essential.

The innovation waiver application drafted by the Task Force can show the nation how Hawaii's already successful PHCA is best able to co-exist with and complement the ACA. Consequently, it is imperative that the Task Force includes participation by and receive sufficient support from all parties in the health care system.

While we certainly support the intent of HB 576 HD1, we have some concern that the additional language inserted in the HD1 asking to examine the feasibility of alternative approaches to the health reform requirements described in the ACA may effectively delay the request from the state for the Innovation Waiver. While the amendments to this bill are worthy, we believe the Task Force's efforts should remain focused on highlighting the already effective PHCA.

We appreciate your consideration of our comments and for allowing HAHP to testify on HB 576 HD1.

Sincerely,

Wendy Morriarty
Chair, HAHP Public Policy Committee

Cc: HAHP Board Members



HAWAII SUBSTANCE ABUSE COALITION

HB576 RELATING TO HEALTH

COMMITTEE ON CONSUMER PROTECTION & COMMERCE: Representative Angus McKelvey, Chair; Representative Justin Woodson, Vice Chair

- Wednesday, February 18, 2015 at 3:00 p.m.
- Conference Room 325

HSAC Supports HB576:

Good Morning Chair McKelvey; Chair; Vice Chair Woodson; Vice; And Distinguished Committee Members. My name is Alan Johnson, Chair of the Hawaii Substance Abuse Coalition, an organization of more than thirty treatment and prevention agencies across the State.

The Hawaii Substance Abuse Coalition supports the State Innovation Waiver Task Force and provides these comments.

The Affordable Care Act (ACA) can help Hawaii to develop “preventive treatment” strategies to improve outcomes while reducing costs. Along with the rest of the nation, Hawaii needs innovative improvements:

- 1. Expand Access - provide more people with comprehensive coverage. End uninsured.**
- 2. Payment Reform - Develop sufficient incentives for caregivers to employ treatment methods that prevent higher cost illnesses rather than treating illnesses when they become severe - especially for low income workers and uninsured.**
- 3. Preventive care - treat difficult chronic illnesses earlier with as much care as needed to “prevent” an illness progressing to more advanced stages as a means to improve outcomes.**
- 4. Integrated Practices - Integrate behavioral health into primary care systems. End fragmented systems of delivery.**

The U.S. has the most expensive healthcare system in the world while reporting the lowest healthcare outcomes of all other sophisticated healthcare systems. Hawaii is uniquely poised to surge ahead and develop “preventive” care models, provided we take the large steps to fully innovate our delivery systems. As part of the waiver, let’s improve our systems with preventive care, ensure access, end fragmentation in Hawaii between care systems and integrate care that is focused on outcomes.

We appreciate the opportunity to testify and are available for questions.

February 18, 2015

The Honorable Angus L. K. McKelvey, Chair
The Honorable Justin H. Woodson, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 576, HD1 – Relating to the State Affordable Care Act Innovation Waiver

Dear Chair McKelvey, Vice Chair Woodson and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 576, HD1, which is intended to provide funding to complete the work of the State Innovation Waiver Task Force. HMSA supports the intent of this Bill, but we have comments.

Even before the Affordable Care Act (ACA), the people of Hawaii already benefitted from a successful health insurance model. We had amongst the lowest uninsured populations and lowest health insurance rates in the nation. We had been doing so well because of the State Prepaid Health Care Act (PHCA).

We truly believe in the primary goal of the ACA – to ensure universal health care coverage in a cost-effective way. But, as we look at ways to reach that goal, it is important that we protect the PHCA and build upon it with an efficient ACA system.

The Task Force offers an opportunity for the State to show the federal government how the PHCA already accomplishes much of the ACA's goals. The innovation waiver application drafted by the Task Force can show the nation how Hawaii's already successful PHCA is best able to co-exist with and complement the ACA. Consequently, it is imperative that the Task Force includes participation by and receive sufficient support from all parties in the health care system. And, HB 576, HD1, should be an expression of the State's commitment to this effort.

While we fully supported of the original draft of the Bill, we are concerned that HB 576, HD1, may result in delays in Task Force success. This draft reinserts the requirement for the Task Force to examine alternative approaches to specific health reform requirements under the ACA, and to examine the feasibility of options for providing affordable insurance coverage, including innovations to the Medicare program. While developing such alternatives may have been feasible a year ago, when the Task Force initiated its work, time is of the essence. The Task Force must complete its work in time for the State Administration to request an Innovation Waiver in early 2016. To accomplish this, the Task Force must focus on highlighting how the PHCA already is far more effective in getting the uninsured covered than the ACA.

To meet the federal deadline, the Innovation Waiver proposal must be based on our accomplishments in getting the uninsured covered and not on designing new, alternative programs.



An Independent Licensee of the Blue Cross and Blue Shield Association

Thank you for the opportunity to testify in support of HB 576, HD1. Consideration of our concern is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", followed by a long horizontal stroke.

Jennifer Diesman
Vice President
Government Relations



THE QUEEN'S HEALTH SYSTEMS

**HB 576 HD 1, Relating to the State Affordable Care Act Innovation Waiver
House Committee on Consumer Protection and Commerce
Hearing—February 18, 2015 at 3:00 PM**

Dear Chairman McKelvey and Members of the House Committee on Consumer Protection and Commerce:

My name is Paula Yoshioka, and I am a Senior Vice President at The Queen's Health Systems (QHS). I would like to express my strong support for HB 576 HD 1, relating to the state of Hawaii's *Affordable Care Act* Innovation Waiver Task Force.

The *Affordable Care Act* (ACA) has expanded access to high-quality, affordable health care to millions of Americans. The ACA also includes a number of initiatives allowing states and providers to innovate ways to increase the quality of care while reducing costs. One of those initiatives is the State Innovation Waiver, which will allow states to implement their own health reform approaches to best fit the needs of their residents.

Supporting the State Innovation Waiver Task Force will allow Hawaii to remain at the forefront of health policy innovation, helping to set examples for the rest of the country. I have full confidence that the current task force members are dedicated to ensuring that any waiver submitted will ensure high-quality, affordable care for our residents. I urge you to support our State Innovation Waiver Task Force and to vote favorably on this bill.

Thank you for your time and consideration of this matter.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



Chamber of Commerce HAWAII
The Voice of Business

LATE

**Testimony to the House Committee on Consumer Protection &
Wednesday, February 18, 2015 at 3:00 P.M.
Conference Room 325, State Capitol**

**RE: HOUSE BILL 576 HD1 RELATING TO THE STATE AFFORDABLE CARE ACT
INNOVATION WAIVER**

Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 576 HD1, which amends scope of the State Innovation Waiver Task Force consideration and provides resources to develop a waiver from certain provisions of the Patient Protection and Affordable Care Act.

The Chamber is the largest business organization in Hawaii, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Hawaii's innovation in health care has led it to be the only state with a mandated health care policy. While the Hawaii Prepaid Health Care Act has provided affordable health coverage to individuals, ACA has been very expensive in time and money for businesses in Hawaii. We believe this bill helps the state in being focused and successful in obtaining a waiver and minimizing the impact of ACA on employers.

Thank you for the opportunity to testify.